

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Consumer Programs Branch**

**RESOLUTION T-17499
October 22, 2015**

R E S O L U T I O N

**Resolution T-17499. Approval of Fiscal Year 2016-2017
California LifeLine Program Budget¹ in Compliance with
Public Utilities Code Section 273(a).**

SUMMARY

This Resolution adopts Fiscal Year (FY) 2016-17 budget of \$627,496,000 for the California LifeLine (CA LifeLine) Program. This is an increase of \$281,597,000 over the FY 2015-16 adopted budget of \$345,899,000.

BACKGROUND

The California Public Utilities Commission (Commission or CPUC) implemented the CA LifeLine Program, formerly known as Universal Lifeline Telephone Service (ULTS) Program in 1984, pursuant to Public Utilities (PU) Code § 871. The Commission's Communications Division (CD) administers the CA LifeLine Program.

The CA LifeLine Program provides discounted residential basic telephone (wireline) services and wireless (cell) phone services to low-income households with incomes below approximately 150% of the federal poverty guidelines or enrolled in qualifying public benefits programs. As of July 31, 2015, approximately 2.2 million customers² were enrolled in the CA LifeLine Program³.

On July 1, 2006, the Commission implemented new federal rules for establishing customer eligibility for CA LifeLine service. Under these new rules, customers may qualify for CA LifeLine either by participating in specific low income public benefits

¹ The program fund is statutorily referred to as the Universal Lifeline Telephone Service Trust Fund Administrative Committee Fund, pursuant to Public Utilities Code Sections 270 and 277, but is commonly known as the California LifeLine Program.

² Of the 2.2 million customers, 712,693 and 1,512,245 were wireline and wireless subscribers, respectively.

³ In July 2014, approximately 1 million customers were enrolled in the CA LifeLine Program.

programs or by documenting that their income falls within CA LifeLine Program guidelines. The method for certifying customer qualification changed from customer self-certification processed by carriers to certification of customers' eligibility by a third party administrator through Commission contract. These program changes were approved by the Commission in Decision (D.) 05-04-026.

On May 3, 2007, the Commission issued D.07-05-030, which modified General Order (GO) 153 (Procedure for Administration of the Moore Universal Telephone Service Act) to address customer confusion with the third party verification process. The changes to the CA LifeLine Program included requiring additional contacts between the CA LifeLine administrator and potential and existing CA LifeLine customers, additional time for LifeLine customers to return required forms, and format changes to written communications to improve their effectiveness.

On August 21, 2008, the Commission issued D.08-08-029 which further modified the CA LifeLine Program and GO 153. This decision adopted a "pre-qualification" process for enrolling customers in the CA LifeLine Program. Effective July 1, 2009, applicants must pay basic service rates until they qualify for the program. Once deemed qualified, the customer receives a back-credit for all benefits that would have been received if the program benefits were provided as of the application date.

On June 1, 2012, a new third-party administrator, Xerox State and Local Solutions, Inc., took over the enrollment, verification, customer notification, and database requirements from the previous contractor. The new administrator also provides the California LifeLine public call center functions (which were provided formerly under a separate contract).

In 2012, the FCC issued Order 12-11, which made fundamental changes to the federal Lifeline program including elimination of connection charges subsidy (except for tribal customers). FCC Order 12-11 also adopted new requirements for state LifeLine programs including, but not limited to:

- to collect the last four digits of the program participant's social security number (SS#) and date of birth (DOB);
- to require applicants to provide proof of public benefits program participation or eligibility by income;
- to perform identity checks on all new applicants;
- to perform a one-time sweep of each state's LifeLine customer base as of June 1, 2012; and

- to require participants to complete a certification statement that if multiple discounts are offered at the same address that different economic “household” units exist.

On January 27, 2014, the Commission issued D.14-01-036, which expanded and modernized the CA LifeLine Program, as well as authorized the voluntary participation of wireless service providers in the program. Today, a low-income eligible household may subscribe to either a wireline or wireless service plan that includes voice, text, and data at discounted and affordable rates.

The CA LifeLine Program is funded by a surcharge assessed against intrastate charges of end-users of all telephone corporations and interconnected VoIP service providers in California. The current surcharge rate is 3.8%, but it is due to increase to 5.50%, effective October 1, 2015.

ULTS (LifeLine) Trust Administrative Committee Budget

The Commission’s oversight of the CA LifeLine Program is supported by the ULTS Trust Administrative Committee (Committee). The Committee is comprised of carriers and consumer representatives that meets quarterly to discuss various topical CA LifeLine program matters and to share advisory support with Commission staff.

On July 29, 2015, the Committee held a public meeting. With the exception of the carriers’ representatives who recused themselves from voting, the Committee approved a proposed budget for the CA LifeLine Program for FY 2016-17 in the amount of \$627,496,000. The Committee Chairperson presented a proposed budget in a letter dated August 25, 2015, to the Director of the Communications Division.

NOTICE/PROTESTS

The Committee’s proposed CA LifeLine Program budget for FY 2016-17 was noticed on the Commission’s Daily Calendar on August 26, 2015, stating that any comments and/or protests must be made in writing and received by the Director of the Communications Division (CD) within 20 days from the posting date. The Commission received no comments.

DISCUSSION

This Resolution adopts a budget for the CA LifeLine Program in the amount of \$627,496,000 for FY 2016-17. The table below compares the adopted FY 2015-16 budget with FY 2016-17 budget proposed by the Communications Division:

	FY 2015-16	FY 2016-17	FY 2016-17
	Adopted	Committee's Proposed Budget	CD Proposed Budget
	(\$ thousands)	(\$ thousands)	(\$ thousands)
Local Assistance	\$324,220	\$591,607	\$591,607
State Operations	\$21,445	\$35,655	\$35,655
SCO	\$1	\$1	\$1
FI\$Cal	\$233	\$233	\$233
Total Program Budget	<u>\$345,899</u>	<u>\$627,496</u>	<u>\$627,496</u>

Itemized costs of the above budgets are set forth in Appendix A and discussed below:

Generally speaking, CA LifeLine expenditures are projected to increase from FY 2015-16 to FY 2016-17 budget due primarily to increased wireless participation. See Appendix A for comparisons and below for descriptions.

LOCAL ASSSISTANCE

Carrier Claims

Local Assistance consists of Carrier Claims. Based on historical data, the number of California LifeLine wireline participants has been declining steadily by approximately 17,000 monthly for the past six (6) months (January to June 2015). As wireline participants continue to transfer to wireless carriers, a continuous decline in wireline participation will occur. Hence, in developing the budget, CD assumed that by the end of FY 2016-17, there will be approximately 320,000 wireline participants in the program, a decrease from 727,526 participants at the end of FY 2014-15.

With respect to wireless subscribership, CD forecasts approximately 3,460,000 million participants by the end of FY 2016-17. This forecast is based on a 90% participation rate

of the approximately 4.2 million eligible low-income household in California. The calculation for the claims estimate breaks down as follows:

Wireline Claims

\$66,618,004	Estimated 320,000 subscribers by the end of FY 2016-17
	Specific Support Amount (SSA) of \$13.20 (55% of AT&T's \$24 Rate) for Fiscal Year 2016-17 for months July 2016-December 2016.
	Assumes \$13.75 SSA (55% of AT&T's \$25 Rate) for Fiscal Year 2016-17 for months January 2017- June 2017).
\$2,478,156	Estimated Administrative costs (monthly subscribers x \$0.50 x 12 months)
\$1,044,436	Estimated Connection/Conversion Charges
	Estimated 17,000 subscribers monthly decrease
\$6,365,677	Estimated Taxes/Surcharges
\$76,506,274	Total Estimated Wireline Carrier Claims

Wireless Claims

\$491,084,563	Estimated 3,460,000 subscribers by the end of FY 2016-17
	\$13.20 SSA (55% of AT&T's \$24 Rate), per subscriber for Fiscal Year 2016-17 for months July 2016-December 2016.
	Assumes \$13.75 SSA (55% of AT&T's \$25 Rate) for Fiscal Year 2016-17 for months January 2017- June 2017).
\$18,193,776	Estimated Administrative costs (monthly subscribers x \$0.50 x 12 months)
\$0	Estimated Connection/Conversion Charges
	The \$39 support expired on June 30, 2015, but will be evaluated in Phase II of Rulemaking 11-03-013.
\$5,822,008	Estimated Taxes/Surcharges (monthly subscribers x 16% x 12 months)
	Based on City Taxes & Surcharges of 8% + Program surcharges of 7.89% = 16%
\$515,100,347	Total Estimated Wireless Carrier Claims

\$591,606,621	Total Estimated Carrier Claims
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Resolution T-17321 revised GO 153 to incorporate changes necessary to implement the SSA method of carrier reimbursement requirements adopted by D. 10-11-033 on November 19, 2010. GO 153, Section 8.5.2, authorizes the Communications Division to reset the SSA annually, effective January 1 of each year, at 55% of the highest reported

Uniform Regulatory Framework Carrier of Last Resort (COLR) rate effective July 31st. Currently, the highest COLR basic residential rate is \$24. Based on a history of rate increases, CD forecasts that a rate increase for COLR basic residential service to \$25.00 for the following year is a reasonable expectation. A \$25 rate would result in an SSA of \$13.75 ($\$25 \times 55\%$) for the second half of FY 2016-17. CD will use \$13.20 SSA ($\$24 \times 55\%$) for FY 2016-17 in computing claim reimbursements for July 2016 to December 2016 and \$13.75 ($\$25 \times 55\%$) for January 2017 to July 2017, assuming that the highest COLR rate is \$25, effective July 31, 2016.

Carrier Claims Methodology for Wireline

CD anticipates a decrease in enrollment for wireline. In January 2015, there were 810,308 participants and then in June 2015, there were 727,526 participants, an 82,782 decrease in participation. On average, there has been a 16,964 participant decrease monthly for the past six months (January – June 2015). As more wireless carriers participate in CA LifeLine, the more likely the decrease in wireline participation will occur due to customers' transfer from wireline to wireless service providers. In developing the budget, CD assumed 17,000 customers per month decline for estimating wireline carrier claims. Therefore, CD anticipates a total of 204,000 ($17,000 \times 12$ months) participants decrease for FY 2015-16, and a total of 408,000 ($17,000 \times 24$ months) participants decrease by the end of FY 2016-17. Hence, CD estimates approximately 320,000 rounded from 319,526 ($727,526 - 408,000$) wireline participants, resulting in total SSA of \$66,618,004 by the end of FY 2016-17. With the total SSA of \$66,618,004 combined with the carriers forecasts of approximately \$1,044,436 for non-recurring charges (connection and conversion charges), and \$6,365,677 for surcharges and taxes, the total wireline service provider claims amounts to \$76,506,274.

Carrier Claims Methodology for Wireless

Since March 2014, the Commission has approved eleven (11) wireless service providers. As a result of the new wireless service offerings, the CPUC has experienced a substantial increase in reimbursement requests from the California LifeLine wireless service providers.

As of July 31, 2015, there were eleven (11) California LifeLine wireless service providers authorized to offer wireless service plans to eligible low-income households. It is anticipated, however, that by FY 2016-17, there will be at least nine (9) additional California LifeLine wireless providers participating in the program.

In FY 2014-15, there were 1,439,796 wireless participants in the California LifeLine Program. The total number of California LifeLine participants was approximately 72% of the 3.2 million (150% at or below poverty level) eligible low-income households provided by the Department of Finance (DOF) to CD on July 11, 2014. However, based on the most recent research of government assistance programs, such as CalFresh (the maximum household gross income allowed to participate is 200% of the Federal poverty level and this is also a qualifying government assistance program for the California LifeLine Program), there are approximately 4.2 million eligible low-income households in California, per Department of Finance on May 19, 2015. Hence, for budgetary purposes, it is prudent to forecast FY 2016-17 budget based on the 4.2 million eligible low income households. Given the subscribership rate of 72% of the 3.2 million eligible households by the end of FY 2014-15, it is reasonable to forecast that there would be approximately 90% participation rate of the 4.2 million eligible low-income households, resulting in 3.7 million participants in the California LifeLine Program by the end of FY 2016-17. With the forecasted total number of subscribership for both wireline and wireless services of approximately 3.7 million, the SSA or subsidy of approximately \$13.20 for the first half of FY 2016-17 and \$13.75 for the second half of FY 2016-17 per participant, plus administrative costs of \$0.50 per subscriber, non-recurring charges, and taxes and surcharge costs, the total funding increase needed to support the California LifeLine Program local assistance is estimated at \$267.4 million for FY 2016-17.

CD estimated 2,532,000 million and 3,460,000 million California LifeLine wireless participants for FY 2015-16 and FY 2016-17, respectively. The 3,460,000 accounts for 77,000 wireless subscription increase month-to-month from CD's estimate of 2,532,000 wireless subscribers by the end of FY 2015-16. Total customer recurring charge is calculated by applying the California LifeLine subscribers month-to-month for wireless in FY 2016-17 and multiplied by 55% of COLR highest rate.

CD estimates \$5,822,008 for taxes and surcharges by applying a 16% tax and surcharge rate based on average of city taxes and surcharges of 8% and all program surcharges of 7.89% (LifeLine 5.5%, DDTP 0.5%, CTF 1.08%, CASF 0.46% and CHCF-A 0.35%).

Prior fiscal year 2014-15 claims paid (including adjustments and accruals) were usually about \$334 million. CD believes that this amount will go up due to increase in wireless participation resulting in increased wireless carrier claims.

Given the reasonable assumptions and calculations set forth in the preceding paragraphs, CD estimates that the CA LifeLine carrier claims are projected to increase

by approximately \$268 million, from \$324 million in FY 2015-16 to \$592 million in FY 2016-17.

STATE OPERATIONS

State Operations consists of the following categories: Program Costs (Administrative Committee related and Staff Travel), Staff Costs, Contracts Costs (Marketing/Outreach, CA LifeLine Administrator, CA LifeLine Consultant and Auditing), Other Program Costs (Goods, Training, and Office equipment), Pro-Rata Interagency Cost and Cost Allocation Costs.

Based on its review of the different costs elements under State Operations, CD anticipates a \$14 million increase in FY 2016-17 compared to the FY 2015-16 adopted budget for State Operations. The increase in costs is primarily due to increased costs incurred by the Third Party Administrator to provide, among other things, additional services for eligibility determination of applicants and other related work to the California LifeLine Program.

See below for a description for each category.

1. Program Costs

a. Administrative Committee Costs

The ULTS Committee Charter requires the Committee to meet every quarter⁴ and claim reimbursement for per diem and other expenses to members who are not employees of carriers, the Commission, or other governmental agencies of the State of California.

b. Travel Costs

Staff is occasionally required to travel in-state to support the program. These trips can include offsite administrative committee meetings, public participation hearings, conduct field visits of wireless carriers for program compliance, presentations to the Low Income Oversight Board and trips to Sacramento to provide support at legislative hearings.

⁴ Charter of the Universal Lifeline Telephone Service Trust Administrative Committee (ULTS Charter) Section 3.8

2. Staff Costs

Staff costs include employees directly billed for the CA LifeLine Program and staff that bill part of their time to the program.

3. Contract Costs

a. Marketing/Outreach Costs

The outreach contractor promotes the program at various events and provides information to help educate the public on California LifeLine. On July 31, 2014, the contract with the program's outreach contractor RHA (Richard Heath and Associates) expired. CD, however, anticipates to use an outreach contractor for the budget year 2016-17. Therefore, CD forecasts FY 2016-17 expenditures at an amount consistent with prior expenditures.

b. CA LifeLine Administrator

On June 1, 2012, the CA LifeLine Administrator contract was transitioned to a new vendor. In 2012, the CA LifeLine Administrator contract, CA LifeLine Public Call Center, and CA LifeLine administrator (previously called the "third-party administrator") functions were combined and as such, the costs for those functions now appear as one line item cost (CA LifeLine Administrator) in FY 2014-15, FY 2015-16 and FY 2016-17 CA LifeLine budget.

The California LifeLine Administrator is responsible for determining eligibility of low-income households in the program, as well providing a multi-language customer support call center. Current enrollment processes include, among other things, the (1) Direct Application Process, which was mandated by the Commission in Resolution T-17366; (2) Image Exchange Process that allows carriers to maintain electronic copies of all their customer enrollment forms only, pursuant to FCC Order 12-11 requirement; and (3) Identity Verification Process, which is a requirement of the FCC as a condition of California opting out of the National Duplicates Database. Moreover, the Third Party Administrator performs additional services and eligibility determination processes that are required by the FCC and the Commission. Some of the services include, but are not limited to, the following: E-signature, mail forwarding, identity verification processes, interactive voice recording (IVR) renewal process enhancement in which existing participants may renew enrollment in the program by calling into

the Administrator's secure IVR system and also allowing options for participants to remove themselves from the program, as well as database and website management, and ongoing enrollment processing.

Since the introduction of California LifeLine Wireless, the California LifeLine Program has experienced a significant, rapid increase in consumer and carrier demand, and therefore program volume and costs have increased proportionately. The California LifeLine Third Party Administrator services are very complex, and include extensive technical communications and coordination between the contractor, the participating carriers, the CPUC, and the public. The California LifeLine Program cannot function without the Third Party Administrator services. As of June 30, 2015, the California LifeLine Third Party Administrator has received and reviewed over 4 million applications. However, by the end of FY 2016-17, CD anticipates that 8.4 million applications will be received and processed by the Third Party Administrator resulting from additional California LifeLine wireless service providers in the program and overall aggressive outreach and marketing strategy for offering California LifeLine wireless service plans by all California LifeLine wireless service providers.

Due to the expansion of the program, the increase in funding will allow the California LifeLine Third Party Administrator to continue to provide third party validation of California LifeLine Program public applications to California LifeLine service providers as a result of Commission Decision 14-01-036 implementation. CD anticipates an increase in reimbursement costs in the amount of approximately \$16.4 million for the Third Party Administrator in FY 2016-17 compared to FY 2015-16.

c. CA LifeLine Consultant

Beginning in FY 2011-2012, an external contractor has provided technical support in the areas of website design and database management. CD anticipates the continued use of a consulting contractor in FY 2016-17.

d. Auditing Costs

Beginning in FY 2011-2012, staff used external contractors to conduct the CA LifeLine audits. In FY 16-17 audits will focus on carrier compliance with

surcharge remittances in accordance with P.U. Code Section 274 as well as carrier compliance in accordance with General Order 153.

4. Other Program Costs

Other program costs include goods, tuition and registrations for training, and office equipment that is billed to the program.

5. Pro-Rata Interagency Costs

These costs represent the program's contribution to the statewide general administrative costs of central service agencies, such as the Department of Finance, Office of the State Controller, State Personnel Board, and the Legislature.

6. Cost Allocation

CPUC's costs allocation plan directs how CPUC's administrative charges are allocated to the sixteen special funds the agency administers, as well as overhead charged to grants. Cost allocation expenditures (sometimes referred to as indirect charges, or overhead) include Administrative Services salaries and operating expenses (CPUC Accounting and Budget Offices, Business Services, Contracts, Human Resources and Information Technology), facilities operations (rent, security and utility expenses), as well as Executive Division, Administrative Law Judge, and a portion of shared, legal expenses. The cost allocation plan methodology allocates funds primarily on a Personnel Year (PY) basis; funds that support more staff absorb proportionally more CPUC overhead costs.

0840 State Controller (State Operations Costs)

This item appropriates funds for the State Controller's Office. The budget for FY 2016-17 is less than \$1,000, therefore, CD recommends that only a *de minimus* amount of \$1,000 for State Controller be budgeted.

8880 Fiscal Information System for California

This item appropriates funds for the Financial Information System for California (FI\$Cal). FI\$Cal is an information technology (IT) project managed by a partnership of Department of Finance, the State Treasurer's Office, the State Controller's Office, and the Department of General Services. The purpose of this project is to create and

implement a new statewide financial system. The budget for FY 2016-17 is \$233,000, which is the same amount estimated in the governor's proposed budget for FY 2015-16.

Total Program Expenses

In light of the above discussions, CD recommends a total program budget for FY 2016-17 of \$627,496,000, composed of \$627,262,000 for 8660 Public Utilities Commission (State Operations and Local Assistance), \$1,000 for 0840 State Controller (State Operations) and \$233,000 for 8880 Financial Information Systems of California (State Operations). CD's proposed expense budget of \$627,496,000 for FY 2016-17 is reasonable and should be adopted.

Final appropriations for 0840 State Controller (State Operations), 8660 Public Utilities Commission (State Operations and Local Assistance), and 8880 Financial Information System for California (State Operations) will be determined when the Budget Act of 2016 is approved by the Legislature and the Governor. The FY 2016-17 budget adopted today is subject to final appropriations adopted in the Budget Act of 2016. To the extent that appropriations adopted in the Budget Act of 2016 differ from the FY 2016-17 Budget adopted in this resolution, the appropriations adopted in the Budget Act of 2016 will supersede the budget adopted in this resolution.

Safety Issues

The carriers that provide Lifeline benefits to their customers are required to adhere to all Commission rules, decisions, General Orders and statutes including Public Utilities Code § 451 to take all actions "...necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public." The CA LifeLine program helps to promote universal service by subsidizing essential communications links to low-income and at-risk individuals throughout California.

CA LifeLine program allows participants to have access to 211 for essential community services, 311 for non-emergency municipal services, 511 for traffic and transportation information, 711 for relay services, 811 for public infrastructure underground location information, and 911 to reach police, fire and emergency medical responders when fire, natural disasters, medical emergencies, or other crises occur. This Resolution ensures that there is adequate funding, at an appropriate level, to support the CA LifeLine program budgetary expenditures.

COMMENTS

In compliance with PU Code Section 311(g), the Commission e-mailed on September 21, 2015, a notice letter informing all parties of records in R. 11-03-013 and members of the CA LifeLine Working Group and Administrative Committee of the availability of this draft resolution for comments, as well as the availability of the final resolution, if adopted by the Commission, on the Commission website (www.cpuc.ca.gov). The Commission received no comments.

FINDINGS

1. The California LifeLine Program (CA LifeLine), known as the Universal Lifeline Telephone Service program, was implemented by the California Public Utilities Commission (CPUC or Commission) in 1984, pursuant to Public Utilities (PU) Code §871.
2. As of July 31, 2015, approximately 2.2 million California customers were enrolled in the program.
3. Complying with its chartered responsibility, on August 25, 2015, the Universal Lifeline Telephone Trust Administrative Committee submitted to the California Public Utilities Commission (Commission) a proposed fiscal year (FY) 2016-17 budget for the Universal Lifeline Telephone Service Trust Fund in the amount of \$627,496,000.
4. The Commission's Communications Division recommends a budget in the amount of \$627,496,000 for FY 2016-17. This proposed budget is \$281,597,000 more than the budget for FY 2015-16.
5. In July 2011, the Commission issued Resolution T-17321 to incorporate changes to implement the new Specific Support Amount (SSA) method of carrier reimbursement adopted in Decision 10-11-033.
6. General Order 153, Section 8.5.2, authorizes the Communications Division to reset the SSA annually, effective January 1 of each year, at 55% of the highest reported Uniform Regulatory Framework Carrier of Last Resort rate effective July 31st.
7. In 2012, the Federal Communications Commission issued Order 12-11, which made fundamental changes to the federal Lifeline program.

8. In July 2012, the Commission issued Resolution T-17366 to address the changes ordered by the FCC in Order 12-11.
9. On January 2014, the Commission issued D.14-01-036 to expand and modernize the California LifeLine Program, as well as authorize the voluntary participation of wireless service providers in the Program.
10. The proposed Universal Lifeline Telephone Service Trust Administrative Committee's FY 2016-17 CA LifeLine budget was noticed on the Commission's Daily Calendar on August 26, 2015, stating that any comments and/or protests must be made in writing and received by the Director of the Communications Division within 20 days from the posting date. The Commission received no comments.
11. The Communications Division's proposed ULTS Trust Fund Budget of \$627,496,000 for FY 2016-17, composed of \$627,262,000 for 8660 Public Utilities Commission (State Operations and Local Assistance), \$1,000 for 0840 State Controller (State Operations), and \$233,000 for 8880 Financial Information System for California (State Operations) is reasonable and should be adopted.
12. Final appropriations for the 0840 State Controller (State Operations) and 8880 Financial Information System for California (State Operations) will be determined when the Budget Act of 2016 is approved by the Legislature and the Governor.
13. The FY 2016-17 budget adopted today is subject to final appropriations adopted in the Budget Act of 2016 for 8660 Public Utilities Commission (State Operations and Local Assistance), 0840 State Controller (State Operations) and 8880 Financial Information System for California (State Operations).
14. The appropriations adopted in the Budget Act of 2016, if different from the adopted FY 2016-17 program budget, will supersede the FY 2016-17 program budget adopted in this Resolution.
15. In compliance with PU Code Section 311(g), the Commission e-mailed on September 21, 2015, a notice letter informing all parties of records in R. 11-03-013 and members of the CA LifeLine Working Group and Administrative Committee of the availability of this draft resolution for comments, as well as the availability of the final resolution, if adopted by the Commission, on the Commission website (www.cpuc.ca.gov). The Commission received no comments.

THEREFORE, IT IS ORDERED that:

1. The expense budget for the CA LifeLine Program of \$627,496,000 for FY 2016-17, which is composed of \$627,262,000 for 8660 Public Utilities Commission (State Operations and Local Assistance), \$1,000 for 0840 State Controller (State Operations), and \$233,000 for 8880 Financial Information System for California (State Operations) is adopted.
2. Communications Division staff is authorized to modify the FY 2016-17 expense budget adopted today to conform to the final appropriations adopted in the Budget Act of 2016 for 8660 Public Utilities Commission (State Operations and Local Assistance), 0840 State Controller (State Operations) and 8880 Financial Information System for California (State Operations).

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on October 22, 2015. The following Commissioners approved it:

/s/ Timothy J. Sullivan

Timothy J. Sullivan
Executive Director

MICHAEL PICKER
President
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
CARLA J. PETERMAN
LIANE M. RANDOLPH
Commissioners

APPENDIX

APPENDIX A

California LifeLine Fund Program Budget
Fiscal Year 2016-2017: July 1, 2016 through June 30, 2017
(Numbers in Thousands)

		FY 2014- 2015	FY 2015- 2016	FY 2016- 2017	FY 2016- 2017
		Adopted Budget	Adopted Budget	Committee Proposed Budget	CD Staff Proposed Budget
A	LOCAL ASSISTANCE				
1	Carrier Claims	<u>\$181,400</u>	<u>\$324,220</u>	<u>\$591,607</u>	<u>\$591,607</u>
	Sub Total	\$181,400	\$324,220	\$591,607	\$591,607
B	STATE OPERATIONS				
1	Program Costs	\$6	\$11	\$22	\$22
2	Staff Costs	\$1,431	\$2,234	\$2,234	\$2,234
3	Contracts	\$17,089	\$17,596	\$31,795	\$31,795
4	Other Program Costs		\$13	\$13	\$13
5	Pro-Rata Interagency Cost	\$2,668	\$1,324	\$1,324	\$1,324
6	Cost Allocation	<u>\$0</u>	<u>\$267</u>	<u>267</u>	<u>267</u>
	Sub Total	\$21,194	\$21,445	\$35,655	\$35,655
C					
	8660 Public Utilities Commission (Local				
1	Assistance and State Operations)	\$202,594	\$345,665	\$627,262	\$627,262
2	0840 State Controller	\$52	\$1	\$1	\$1
3	8880 Financial Information System for California	\$1,792	\$233	\$233	\$233
	TOTAL PROGRAM BUDGET	\$204,438	\$345,899	\$627,496	\$627,496